



**THOMAS L. GARTHWAITE, M.D.**  
Director and Chief Medical Officer

**FRED LEAF**  
Chief Operating Officer

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES  
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**Gloria Molina**  
First District

**Yvonne Brathwaite Burke**  
Second District

**Zev Yaroslavsky**  
Third District

**Don Knabe**  
Fourth District

**Michael D. Antonovich**  
Fifth District

April 28, 2005

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**AMENDMENT NO. 1 TO THE NEGOTIATED NET AMOUNT AND DRUG/MEDI-CAL  
AGREEMENT NO. NNA 19 (04/05) WITH THE STATE DEPARTMENT OF  
ALCOHOL AND DRUG PROGRAMS**  
(All Districts) (3 Votes)

**IT IS RECOMMENDED THAT YOUR BOARD:**

Approve and instruct the Chairman to sign the attached Amendment No. 1, Exhibit I, to the Negotiated Net Amount and Drug/Medi-Cal Agreement No. NNA 19 (04-05) with the State Department of Alcohol and Drug Programs, to increase the funding for Fiscal Year 2004-05, year one of a four-year agreement, by \$5,547,479, from \$93,175,746 to \$98,723,225. Funding supports alcohol and drug prevention and treatment programs within Los Angeles County.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:**

In approving this action, the Board is authorizing the acceptance of an amendment from the State Department of Alcohol and Drug Programs (SDADP) to increase Fiscal Year (FY) 2004-05 funding under Negotiated Net Amount and Drug/Medi-Cal (DMC) Agreement No. NNA 19 (04/05) (NNA Agreement). The SDADP requires Amendment No. 1 to be approved by the Board and returned to the SDADP by May 31, 2005 for full execution by June 30, 2005.

**FISCAL IMPACT/FINANCING:**

There are no net County costs associated with this action.

Amendment No. 1 will increase funding for FY 2004-05 by \$5,547,479, from \$93,175,746 to \$98,723,225 (\$61,273,091 in Federal Block Grant funds, \$13,959,019 in Federal DMC funds, and \$23,491,115 in State funds).

The State's revised total maximum obligation for the three-year NNA Agreement term is being increased from \$279,527,238 to \$285,074,717 (\$98,723,225 for FY 2004-05; \$93,175,746 for FY 2005-06; and \$93,175,746 for FY 2006-07) to reflect the increase of \$5,547,479. See Attachment A (Summary of Amendment). The FY 2007-08 is unfunded to accommodate unspent Federal funds from prior State fiscal years.

Funding for the programs is included in the FY 2004-05 Adopted Budget and will be requested in future fiscal years.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

For many years, funding from the State to the County was based on the Los Angeles County Plan for Alcohol and Drug Services (Plan). Senate Bill 627, Chapter 64, Statutes of 1993, amended sections of the Health and Safety Code to establish provisions of law that mandated the NNA Agreement. On November 9, 1993, the Board approved the last Plan required by the SDADP (FY 1993-94) in preparation for the transition to NNA contracting.

The NNA Agreement is based on negotiations between the parties and determined by mutual agreement regarding dedicated capacity. Both the State and County may amend or renegotiate the NNA Agreement at any time to reflect changes in levels of funding or dedicated capacity.

On December 13, 1994, the Board approved the original NNA Agreement with the SDADP in the amount of \$117,395,489 and subsequently approved seven amendments during the four-year agreement term. On July 21, 1998, the Board approved the FY 1998-01 NNA Agreement with the SDADP in the amount of \$222,507,110 and subsequently approved six amendments during the three-year agreement term. On July 17, 2001, the Board approved the FY 2001-04 NNA Agreement with the SDADP in the amount of \$ 295,708,401 and subsequently approved four amendments during the three-year agreement term.

Most recently, on June 1, 2004, the Board approved FY 2004-08 NNA Agreement with the SDADP in the amount of \$279,527,238 (\$93,175,746 for FY 2004-05; \$93,175,746 for FY 2005-06; and \$93,175,746 for FY 2006-07) for a four-year agreement term.

The recommended Amendment No. 1 for FY 2004-05 (Exhibit I) will increase the FY 2004-05 funding, the State's total maximum obligation, and incorporate related Exhibit A-1, Fiscal Allocation Detail, Budget V.1, County Prevention and Treatment Programs Fiscal Summary and corresponding budget detail forms, FY 2004-05; Exhibit B, FY 2004-05, General Terms and Conditions; Exhibit C, FY 2004-05, Negotiated Net Amount; and Exhibit D, FY 2004-05, Drug Medi-Cal Substance Abuse Treatment Services.

The Department of Health Services' System Redesign will not impact the County NNA Agreement with the State as it is the County's funding source and there is no net County cost associated with this action.

Attachment A provides additional information.

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County Counsel has approved the attached Amendment No. 1 to the NNA Agreement (Exhibit I) as to form.

CONTRACTING PROCESS:

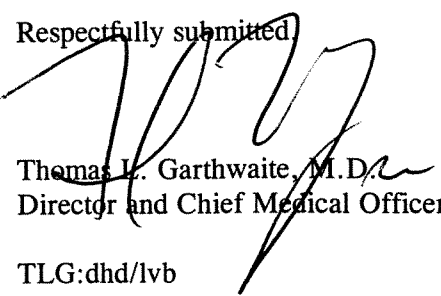
Since the recommended NNA Amendment provides for allocations of State monies directly to the County, advertisement on the Los Angeles County Online Web Site as a contracting opportunity for alcohol and drug abuse service providers is not appropriate.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

Alcohol and drug services will continue uninterrupted to residents throughout Los Angeles County.

When approved, this Department requires three (3) signed copies of the Board's action and four (4) signed and certified copies of the NNA Agreement, Amendment No. 1 face sheets, for transmittal to the State.

Respectfully submitted,



Thomas L. Garthwaite, M.D.  
Director and Chief Medical Officer

TLG:dhd/lvb

Attachments (2)

c: Chief Administrative Officer  
County Counsel  
Executive Officer, Board of Supervisors

BLTR-NNA19 No1 04-05\_LVB

**SUMMARY OF AMENDMENT****1. TYPE OF SERVICE:**

The Negotiated Net Amount (NNA) and Drug/Medi-Cal (DMC) Agreement provides for State Department of Alcohol and Drug Programs funding support for the provision of alcohol and drug services in Los Angeles County.

**2. AGENCY ADDRESS AND CONTACT PERSON:**

California Department of Alcohol and Drug Programs  
 Division of Administration  
 1700 K Street, First Floor  
 Sacramento, California 95814-4037  
 Attention: Kathryn Frost, Contracts Office  
 Telephone: (916) 323-2043

**3. TERM:**

July 1, 2004 through June 30, 2008.

**4. FINANCIAL INFORMATION:**

The NNA and DMC Agreement funding consists of Federal Block Grant funds, Federal DMC funds, and State General Funds (non-DMC), as follows:

	<u>Federal Block Grant Funds</u>	<u>Federal DMC Funds</u>	<u>State Funds</u>	<u>Total</u>
FY 2004-05, Amend No. 1	\$ 61,273,091	\$13,959,019	\$23,491,115	\$ 98,723,225
FY 2005-06	61,296,374	11,173,638	20,705,734	93,175,746
FY 2006-07	<u>61,296,374</u>	<u>11,173,638</u>	<u>20,705,734</u>	<u>93,175,746</u>
Total	\$183,865,839	\$36,306,295	\$64,902,583	\$285,074,717

FY 2007-08 is unfunded to accommodate unspent Federal funds from prior State fiscal years.

**5. GEOGRAPHIC AREA TO BE SERVED:**

Countywide

**6. ACCOUNTABLE FOR MONITORING AND EVALUATION:**

Patrick L. Ogawa, Director, Alcohol and Drug Program Administration.

**7. APPROVALS:**

Public Health:  
 Alcohol and Drug Program Administration:  
 Contracts and Grants Division:  
 County Counsel (approval as to form):

John F. Schunhoff, Ph.D., Chief of Operations  
 Patrick L. Ogawa, Director  
 Cara O'Neill, Chief  
 Stephanie Jo Farrell, Deputy